

**CRITICAL FACTORS INFLUENCING  
THE SELECTION AND CONTINUED USAGE OF  
INTERNET BANKING IN SRI LANKA**

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## **Abstract**

Internet Banking has a value proposition of convenience, cost, and round the clock ,round the globe availability. However, growth of the customer base for Internet Banking in Sri Lanka is still minimal with diminished ROI for banks. The aim of this study is to gain an insight into factors influencing selection and continued use of Internet Banking and to recommend ways of promoting Internet Banking .Information was gathered through a questionnaire on a sample that had free access to the Internet and via two focus group studies.

According to the study, a key reason for low proliferation of Internet Banking is the non-availability of the facility amongst key banks. Amongst the respondents with access to Internet banking, the barriers are safety fears, indifference and un familiarity or low awareness of the benefits of Internet banking. For users, convenience was thekey benefit of Internet banking. It added value to their lifestyles giving greater control over their finances. The negative feature of Internet Banking was the difficulty of the processes .

Increasing awareness of the benefits available via Internet banking would lead to greater proliferation. Awareness about Internet security should be increased to alleviate misconceptions about the Internet. Banks need to guarantee the safety of Internet transactions and shoulder a large part of risks involved.

Since direct marketing was found to be the most effective mode of communication ,banks need to identify the potential user groups and directly target these groups. Banks must identify need gaps in the market and design product offerings to fulfill these needs. Internet Banking products must be more ergonomic in design giving flexibility in user level customization. Better incentives such as reduced fees, higher interest rates are some of the benefits that can be offered.

In today's business environment where cost leadership gives and edge over competition promoting Internet Banking would give banks greater advantage as it leads to significant cost benefits over traditional banking.